

# Navigating the Future of Government Contracting:

*Capital Edge Takeaways from the  
2024 Deltek Clarity Study*





# Capital Edge Consulting Overview

# Capital Edge Consulting LLC

- Established in 2010
- Headquartered: National Capital Region
- Incorporated: Delaware
- Employs 50+ professionals
- Actively supports 200+ clients per year
- Recognized nationally and regionally:
  - Inc. 5000 3X
  - Inc. 5000 DC Metro: 2020
  - Washington Business Journal Fastest Growing Companies: 2020
- Go-to-resource for Government Contracting Compliance Expertise
- Go-to-resource for Government Contracting Compliance Public Training



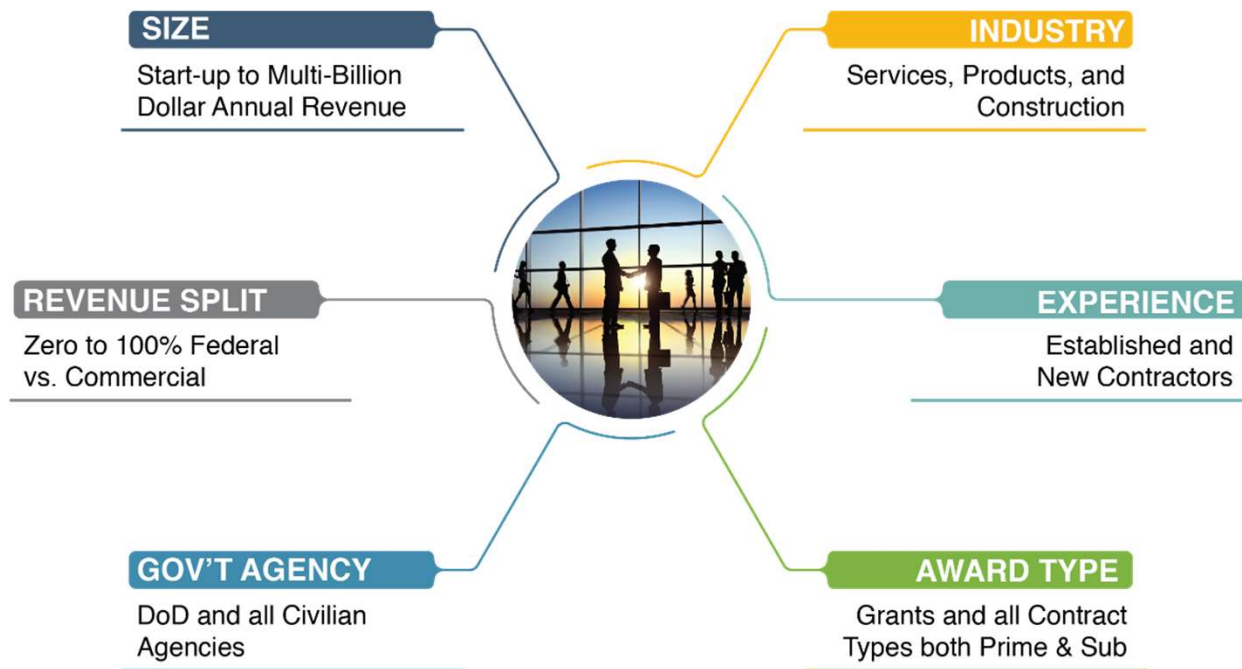
# Value Proposition

As the largest consulting firm-of-its-kind, Capital Edge assists **government contractors** and **federal grant recipients** in navigating **regulatory and contractual compliance** across all industries that serve **local, state and federal government**. We are singularly focused on **delivering proven excellence**, successful outcomes and outstanding client experiences.

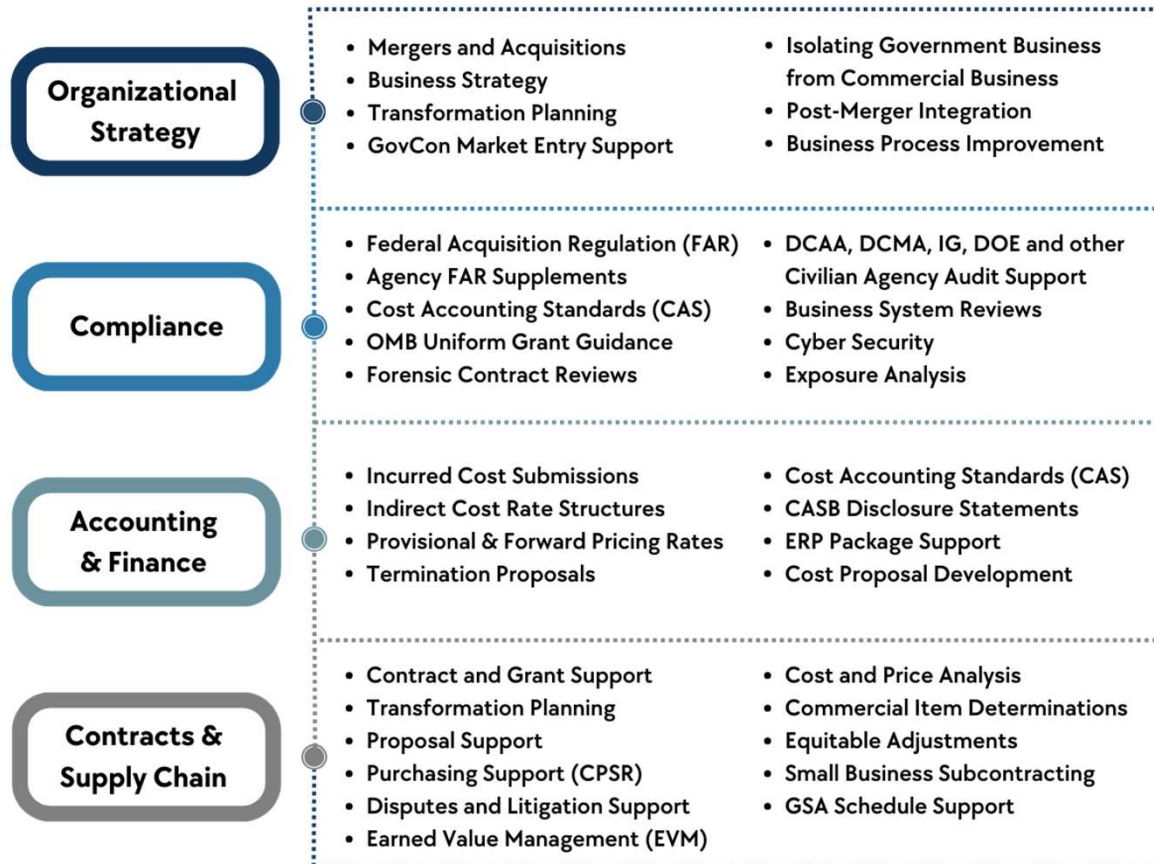


# Who We Work With

All entities receiving Federal funding



# The Solution Model



# Clarity Study



# About the Study



- » 15<sup>th</sup> year of Clarity GovCon in U.S.
- » 600+ respondents
- » 11 primary industries
- » Based on 2023 fiscal data
- » Companies were divided by revenue into the following categories:
  - **18% Less than \$20 million** ★
  - 16% \$20 million to \$49.9 million
  - 63% More than \$50 million

**#DeltekClarity**



# Today's Clarity Focus Areas

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**Market  
Conditions**



**Business  
Development**



**Finance &  
Compliance**



**Contracts &  
Supply Chain**



**Human Capital  
Management**



**Looking  
Ahead**



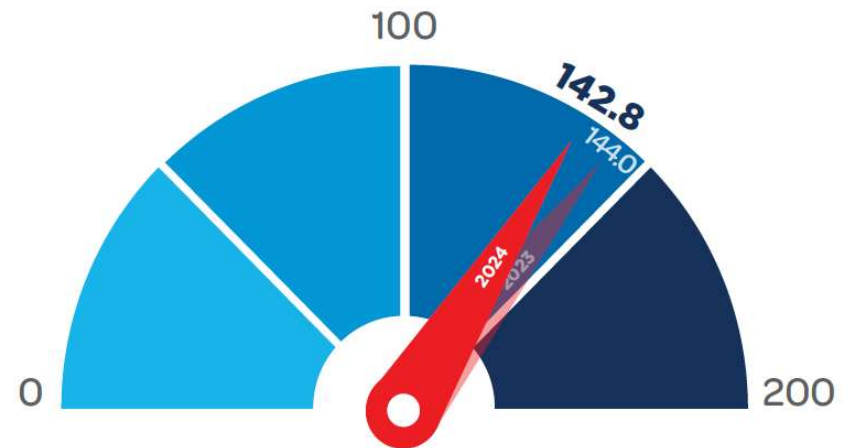
# Market Conditions

Positive growth and optimistic projections, along with diversification strategies and technology investments to overcome challenges, result in confidence for the year ahead.

# Contractors' Outlook is Optimistic for 2024

- » This year's GCCI calculates to 142.8, which represents a slight decrease from last year but still higher than pre-pandemic numbers.
- » Post-Pandemic world and Economy still brings challenges and opportunities
- » Fierce competition for funding and both people and resources
- » Small businesses are more vulnerable to challenges

## Government Contractor Confidence Index (GCCI)



# Today's Reality for Government Contractors



## Budget Uncertainty & Rising Costs

Budget appropriations, global and political unrest, inflation, cost of goods, election uncertainty



## Increased Competition

Contract Consolidation, Category Management and GWAC/MAC Environment



## Small Business Support

Increased scrutiny of SMB health and SBA 8(a) program, emphasis on SBIR/STTR Phase 3



## Workforce & Labor Market

Federal workforce challenges, talent gaps; diversity, equity, inclusion and accessibility (DEIA)



## Cybersecurity & Supply Chain

CMMC, FedRAMP Compliance, FAR Part 40 for Cybersecurity Supply Chain Requirements



## Artificial Intelligence

Anticipated Spending Growth, AI Executive Order (EO), AI Acquisition Measures

**GHO** Polling Question:

What are the most impactful challenges your business is facing in 2024?

(Select all that apply)

-Rising costs/Inflation

-Greater competition due to contract consolidation

-Supply chain instability

-Workforce and Talent Shortages

-Others

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# 2024 & 2025 Federal Spending Outlook



## Federal Spending

### 2024 Discretionary Budget

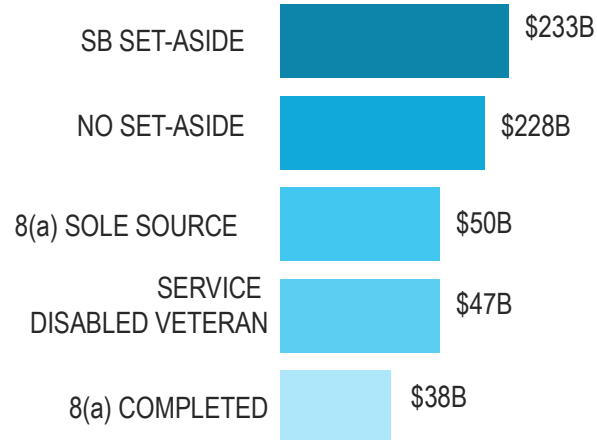
- Total: \$1.8T
- Defense: \$842B
- Civilian: \$942.4B

### 2025 Discretionary Budget

- Total: \$1.7T
- Defense: \$849.8B
- Civilian: \$899.6B



## Top Set-Asides



## Technology

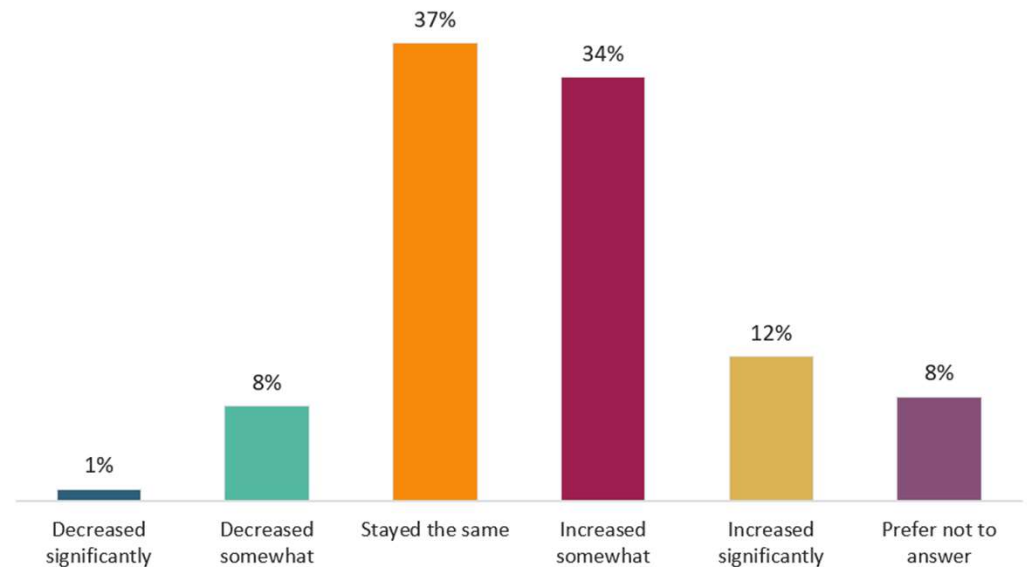
- Artificial Intelligence
- High Performance Computing
- Quantum Information Systems
- Robotics
- Advanced Comms Tech
- Biotechnology

# Trend to Watch: Preference for GWACs/IDIQs

Contract consolidation continues to limit opportunities on preferred contract vehicles.

Concerns about the ability of small businesses to gain positions on and compete for work on preferred GWACs continue into FY 2024.

### Change in Revenue from IDIQ/GWAC Contracts



# Strategic Teaming is Key to Overcoming Competition

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## Why?

- » Despite increased spending, there are fewer awardees.
- » Improving teaming is a top small business strategy for standing out.
- » Getting partner strategy correct is critical to diversity of business

## What You Can Do

- » Understand requirements as early as possible in the procurement cycle
- » Strengthen partnering and teaming methods
- » Expand portfolio into other government agencies



# Finance & Compliance

**10%**

Profit margin reported by Small Businesses in 2023

**17%**

Growth rate for Small Businesses in 2023

**Profit/Loss Margin and Growth Rates (Median)**

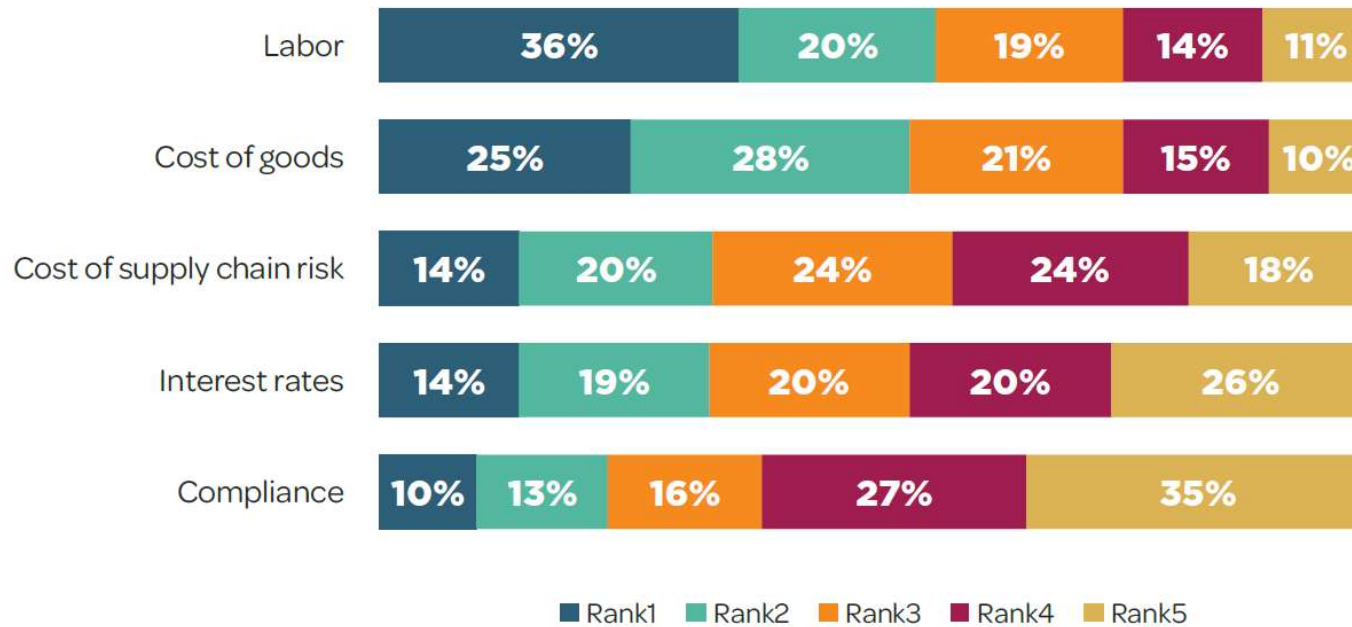


# Initiatives to Address Financial Challenges



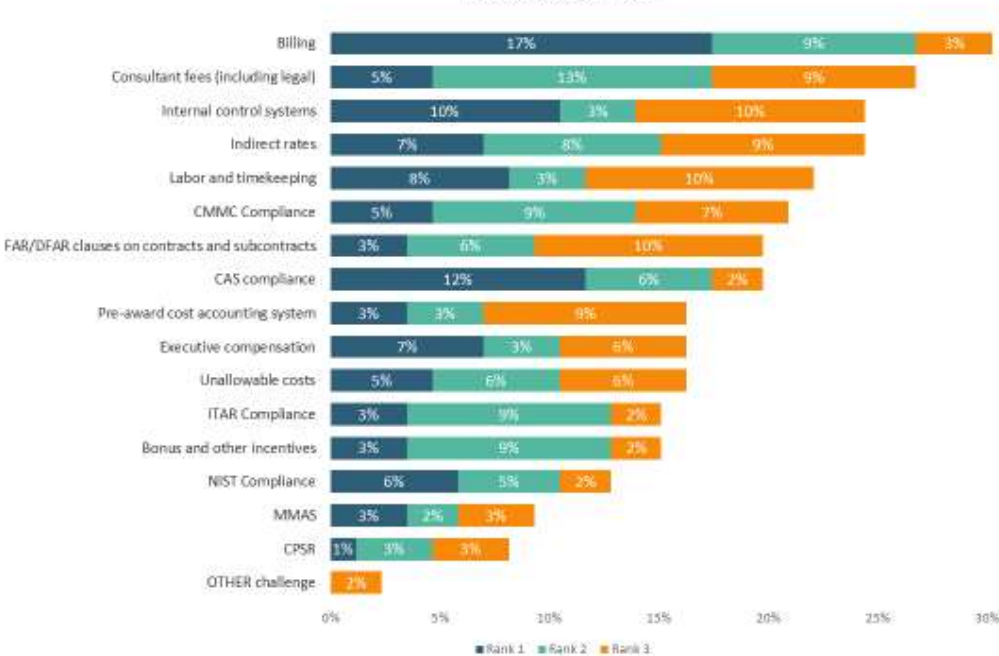
# Inflation Impacting Labor and Goods

## Costs Impacting Business The Most In 2024



# Addressing Audit Challenges

Top 3 Audit Challenges



Strategies to Address Audit Challenges



**GHO** Polling Question:

Has your business seen an uptick in government audits?

-Yes

-No

-About the same as past years

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## Most Impactful Compliance Requirements

1. Cyber (CMMC 2.0 and Cyber Security Executive Order)
2. Diversity and inclusion requirements
3. Supply chain security and resiliency and By American Act provisions
4. Small business contracting regulations
5. Climate resilience and sustainability initiatives
6. Achieving DCAA accounting compliance

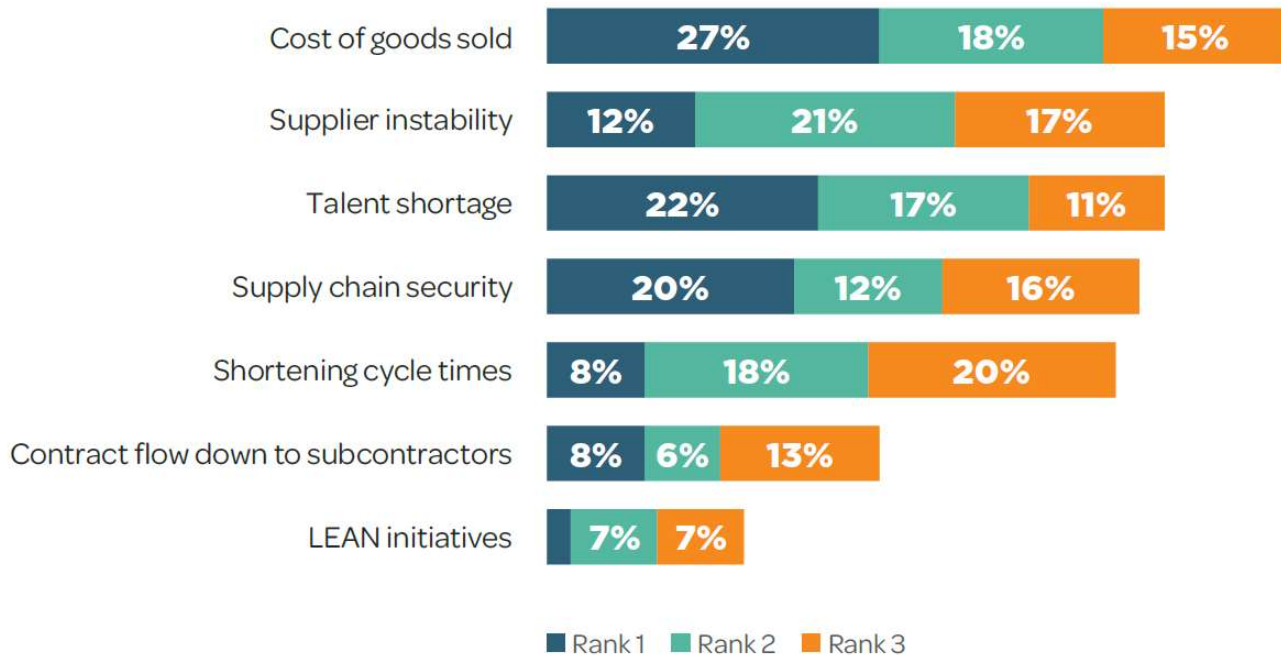
# Contract Management & Procurement

The government contracting industry presents unique challenges in contract management and procurement, but respondents report being up to the task.

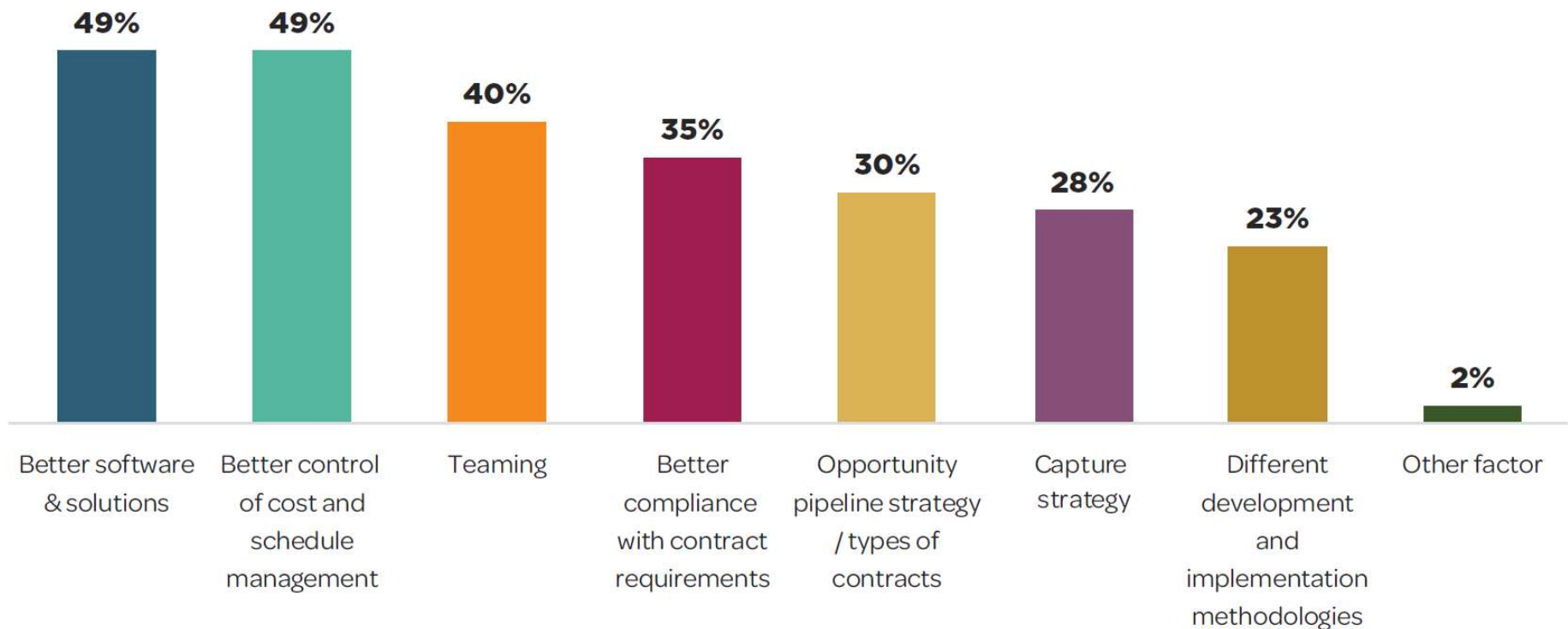
**60%**

**Are confident in addressing complex contract requirements**

## Top 3 Supply Chain Challenges



# Factors Contributing to CPARS Standing in 2023



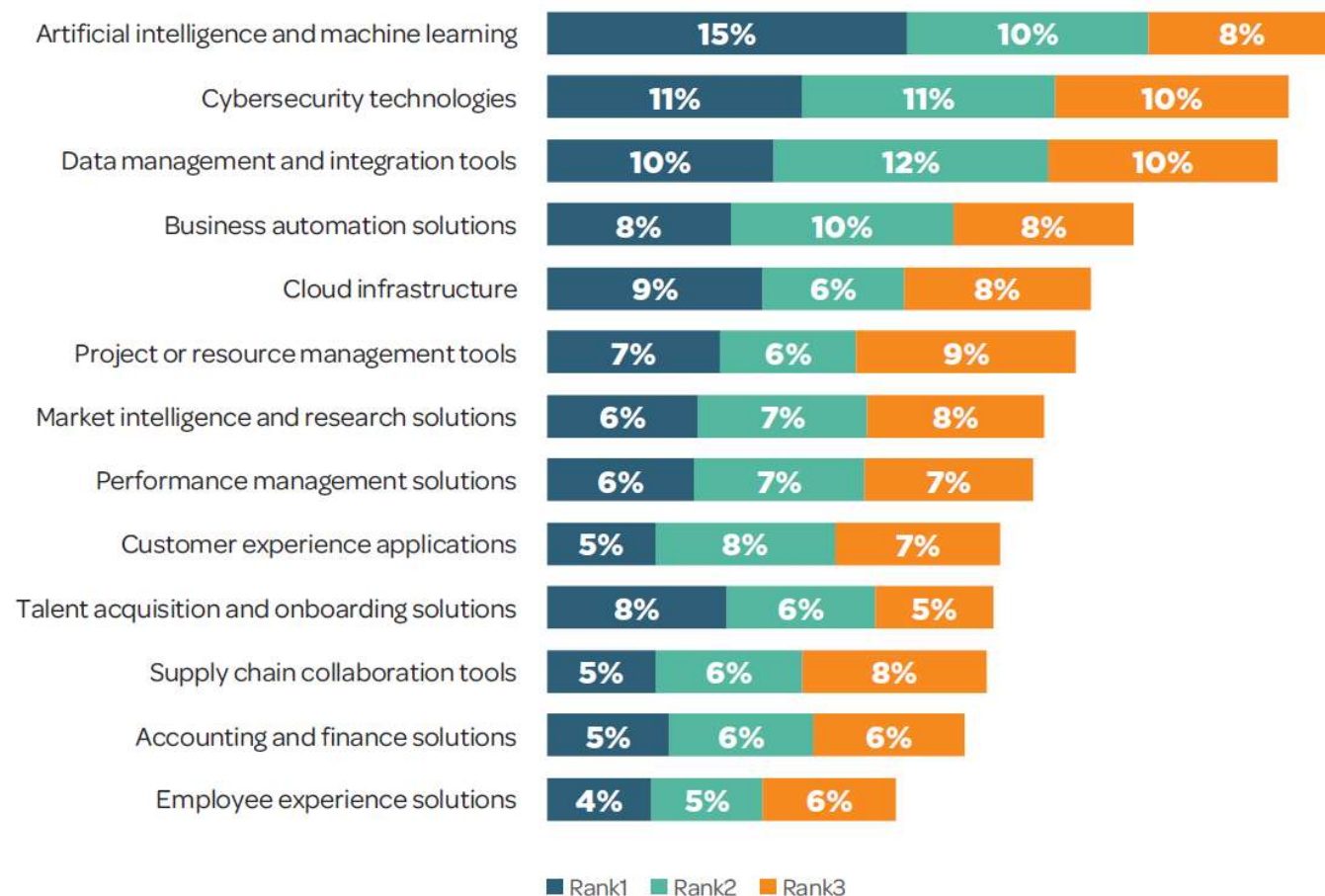


# Looking Ahead

Government contractors are focusing on areas of agility that allow them to shift gears in response to changing market dynamics, such as diversifying their products and services and investing in new technology like AI.

# Rise of Artificial Intelligence

## Top 3 Technologies Prioritized for Investment



# Strategies for Growth



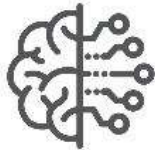
# Wrap-Up - Trend Spotting



Reengineering business processes continues to be an area of focus,



Competition for talent continues to present challenges across functions.



AI is gaining traction and will increasingly impact the industry.



Overall strong performance and positive outlook, led by the largest companies in the industry.

# Call to Action

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- » Get ahead of audits – systems, processes, policies & procedures
- » Establish policies and procedures, security models, and data discipline to prepare for the deployment of AI
- » Understand customer agency's posture on the use of AI
- » Review and understand your cost structure and implications on your business decisions

**GHO** Polling Question:

What steps is your organization focusing on to increase compliance?

- New systems
- Updating or enhancing existing systems
- Process improvement
- Training

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## Additional Deltek Resources

- » Learn more about the [Deltek Clarity Study](#)
- » [Download the Report](#)
- » Level-Up your Government Contracting knowledge with Deltek's [GovCon University](#)
- » [Guide to Small Business Government Contracts](#)
- » [How Deltek Costpoint Supports Government Compliance Requirements](#)

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